

Message Text

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PAGE 01 LONDON 15092 01 OF 02 301835Z

41

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 AID-05 CIEP-01 TRSE-00

STR-04 OMB-01 CEA-01 AGR-05 TAR-01 /089 W

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R 301817Z SEP 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5208

INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

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E.O. 11652: N/A

TAGS: PINT, PGOV, UK

SUBJECT: LABOR PARTY CONFERENCE: INCOMES POLICY AND EMPLOYMENT RESOLUTIONS

SUMMARY - FOLLOWING DRAMATIC INTERVENTION OF EMPLOYMENT SECRETARY FOOT, SPEAKING FOR NEC, CONFERENCE OVERWHELMINGLY APPROVED RESOLUTION SUPPORTING GOVERNMENT POLICY ON INCOMES AND REJECTED THREE OTHER RESOLUTIONS WHICH WERE LIMITED OFFICIAL USE

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PAGE 02 LONDON 15092 01 OF 02 301835Z

IMPLICITLY OR EXPLICITLY CRITICAL OF WILSON GOVERNMENT ON

INCOMES AND EMPLOYMENT POLICIES. CONFERENCE ALSO APPROVED RESOLUTION CALLING FOR HMG AND EC TO LIMIT FOOTWEAR AND TEXTILE IMPORTS WHICH NEC (AND GOVERNMENT) WOULD HAVE PREFERRED TO HAVE REMITTED. WHILE FEW VOTES ARE NORMALLY SWAYED BY CONFERENCE RHETORIC, FOOT'S SPEECH CLEARLY CHANGED CONFERENCE'S ATTITUDE ON THESE ISSUES AND MAY HAVE CHANGED VOTES AS WELL. END SUMMARY.

1. LABOR PARTY CONFERENCE SEPTEMBER 29 OVERWHELMINGLY ENDORSED COMPOSITE RESOLUTION WHICH, INTER ALIA, SUPPORTED SOCIAL CONTRACT, RECOGNIZED CENTRAL ECONOMIC NEED TO REVERSE INFLATIONARY TREND IN UK, URGED GOVERNMENT TO IMPLEMENT ITS MANIFESTO COMMITMENTS, ENDORSED CURRENT WAGE POLICY AND CALLED FOR MEASURES TO MAINTAIN EMPLOYMENT AND CONTROL PRICES (TEXT POUCHED). CONFERENCE SUBSEQUENTLY REJECTED TWO RELATED RESOLUTIONS CRITICAL OF GOVERNMENT, INCLUDING ONE WHICH ENGINEERING WORKERS UNION (AUEW) REFUSED TO SUBMIT TO COMPOSITING PROCESS. AUEW LEADER HUGH SCANLON MADE STRONG BID FOR CONFERENCE SUPPORT ON THIS RESOLUTION AND WAS JOINED BY SEVERAL CONSTITUENCY PARTY SPOKESMEN. LEADERS OF MUNICIPAL WORKERS (GMWU), MINERS (NUM) AND POSTAL WORKERS (NUPE) SUPPORTED NEC POSITION AND SCANLON DECLINED CARD VOTE ON AUEW RESOLUTION WHEN SHOW OF HANDS DEMONSTRATED ITS REJECTION BY CONFERENCE.

2. AGAIN FOLLOWING NEC LEAD, CONFERENCE REJECTED SOMEWHAT RADICAL RESOLUTION WHICH CALLED FOR IMMEDIATE IMPLEMENTATION OF CLAUSE FOUR OF LABOR PARTY CONSTITUTION (NATIONALIZATION OF PRODUCTIVE PLANT) AND FULL PAY FOR ALL UNEMPLOYED WORKERS. HOWEVER, CONFERENCE THEN APPROVED RESOLUTION FROM TEXTILE AND FOOTWEAR UNIONS WHICH CALLED FOR HMG AND EC TO .LIMIT IMPORTS (TEXTILE AND FOOTWEAR) TO PROVIDE FULL EMPLOYMENT AT SUCH A LEVEL THAT FACTORY CLOSURES AND LAY-OFFS CAN BE AVOIDED" AGAINST ADVICE OF NEC (TEXT POUCHED). THIS WAS VERY MINOR REVERSE, AS EMPLOYMENT SECRETARY FOOT, WHO SPOKE FOR NEC ON EACH OF THESE RESOLUTIONS, MADE IT CLEAR THAT NEC OBJECTION TO TEXTILE/FOOTWEAR RESOLUTION WAS MINIMAL AND BASED ON BELIEF THAT NEC STATEMENT "JOBS AND PRICES-LIMITED OFFICIAL USE

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PAGE 03 LONDON 15092 01 OF 02 301835Z

TREATED ISSUE MORE FULLY.

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PAGE 01 LONDON 15092 02 OF 02 301835Z

41

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3. ALTHOUGH NEC WAS OVERRULED ON TEXTILE/FOOTWEAR RESOLUTION, OUTCOME ON THESE ISSUES MIGHT HAVE BEEN MORE TROUBLESOME FOR GOVERNMENT HAD IT NOT BEEN FOR EMPLOYMENT SECRETARY FOOT'S BRILLIANT AND MOVING DEFENSE OF GOVERNMENT AND NEC RECOMMENDATIONS. CONFERENCE SPEECHES RARELY CHANGE MANY VOTES AT LABOR PARTY CONFERENCE, BUT FOOT'S
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PAGE 02 LONDON 15092 02 OF 02 301835Z

INTERVENTION CLEARLY CHANGED DELEGATE SENTIMENT (ADMITTEDLY NOT NECESSARILY REFLECTIVE OF VOTING WEIGHT), AND HE WAS REWARDED BY STANDING OVATION. CHANCELLOR HEALEY WAS POSITIVELY BEAMING THROUGHOUT FOOT'S STATEMENT, WHILE PRIME MINISTER WILSON SUCKED CONTENTEDLY ON HIS PIPE AND ENERGY SECRETARY TONY BENN LOOKED GLUM.

4. COMMENT: OUTCOME OF FIRST DAY OF LABOR PARTY CONFERENCE INDICATES THAT WHILE GOVERNMENT WILL BE CHALLENGED ON MAJOR ECONOMIC ISSUES, CONFERENCE WILL ULTIMATELY SUPPORT NEC RECOMMENDATIONS, IF NECESSARY BY CARD VOTE AND WITH THE SUPPORT OF MOST UNIONS. THE NEC POSITIONS, OF COURSE, WERE DEFINED DURING THE RUN-UP PERIOD, AND WILSON SUCCESSFULLY LIMITED POSSIBLE DAMAGE ON THAT FRONT. CONTENTIOUS DOMESTIC ISSUES STILL REMAIN TO BE ADDRESSED BY CONFERENCE, BUT RESOLUTION ADVERSE TO GOVERNMENT POLICY ON THESE SUBJECTS ARE UNLIKELY TO BE SERIOUSLY TROUBLESOME. CONFERENCE, FOR EXAMPLE, TWICE IGNORED NEC RESOLUTIONS ON HOUSING SEPTEMBER 29, BUT IN NEITHER CASE WERE THESE RESOLUTIONS A SIGNIFICANT THREAT TO GOVERNMENT POLICY. FOREIGN AFFAIRS AND DEFENSE ISSUES ARE SCHEDULED FOR DEBATE OCTOBER 2 AND 3. THEY WILL PROVIDE DELEGATES OPPORTUNITY TO RELIEVE FRUSTRATIONS WHICH ARE CERTAIN TO BUILD UP DURING PROCEEDINGS, AND MAY WELL PRODUCE MOST TROUBLESOME CONFERENCE DECISIONS.

RICHARDSON

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